

BENEFITS TO ENRON SUMMARY

Deal Name: **Raptor 1,1A,2,2A,4** Dollar Amount: **\$97.1 million**

Date Completed: **4/18/00**

Description of Transaction: **Investments in structured finance vehicles used to hedge mark-to-market volatility of Enron's public and private investments**

Enron Business Unit Benefited: **Enron Corp.**

Did the deal result in a direct or indirect benefit to Enron: **Direct and Indirect**

Primary Benefit: **Protection of earnings on volatile assets**

Funds Flow Direct:

Funds Flow Indirect:

Earnings Direct: **\$74.9 million**

Earnings Indirect: **\$443 million**

Fees Saved : **\$2-3 million on each deal (investment bank fees avoided)**

Other equity investors bidding on the transaction :

1. **None**
- 2.
- 3.

** indicate whether our purchase was on the same terms as the other equity purchasers.*

Did the deal close with LJM? **yes**

If not, why?

**indicate whether the reason was driven by Enron or LJM.*

Other benefits to Enron :

- **Accomodation on derivative approval**
- **Confidentiality**
- **Structuring capabilities**

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RAPTOR – today

	<u>Liquidation Today*</u>	<u>Derivative Capacity</u>
Raptor I	\$(144)	\$0
Raptor II	\$ 208	\$0
Raptor III	\$(260)	\$0
Raptor IV	\$ 160	\$750

* Value remaining after LJM's receipt of the \$30 million. Credit capacity and Liquidation To day are the same value. The assumption is that you could liquidate today for full screen price of the ENE stock.

Give Aways / Take Aways

1. Early Settlement on the three vehicles

Enron: received the ability to enter into hedges when desired, receipt of \$17 million for the remaining options value, reinvestment of \$7.1 million

LJM : received anticipated payment early equating to an increased IRR which was traded for the reinvestment in Raptor I and II, guaranteed the \$41 million payment

2. Hanover costless collar

Enron: received the desired benefit at no cost, turned down proposal by LJM which would have incurred a premium paid

3. 45 day merger

Enron: protection from impairment at year end

4. ENE costless collars

Enron: received downside protection on the ENE shares to buffer credit capacity of the vehicles

LJM: received downside protection on the ENE shares, lost value under the collar floor due to maximum number of share limits under 0019

5. Only swaps written and settlement

Enron: receives the benefit of a perfect hedge at no cost

LJM: Notes PIK to extremely high balances

6. Swaps written primarily on private assets and public assets at highs

Enron: protection from asset writedowns and decreases in value

LJM: decreasing likelihood of back end return